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July 16, 1998

Mr. Mike Madigan, Chairman
Bay-Delta Advisory Council
1416 Ninth Street, Suite 1155
Sacramento, CA 95814

**Subject: Comments on "Developing a Draft Preferred Program Alternative" –
July 8th Version**

Dear Mr. Madigan:

We continue our support of the CALFED process and, although much work is yet to be completed prior to selecting a preferred alternative, we view the release of "Developing a Draft Preferred Program Alternative" (Stage I Plan) as an encouraging step towards reaching a long-term Bay-Delta solution. We also appreciate the opportunity to provide input on the Stage I Plan as it is developed.

The following comments on the Stage I Plan are consistent with Municipal Water District of Orange County (MWDOC) Policy Principles on a Bay-Delta CALFED solution and with previously submitted comments on the Draft Environmental Impact Statement/Environmental Impact Report (EIS/EIR).

Core Message Points:

✓ **Needs versus Actions**

Many debates have surfaced regarding specific actions to be included in the Stage I implementation Plan and long-term CALFED solution to meet the needs of Southern California water users. Municipal Water District of Orange County (MWDOC) recognizes that various actions in the three proposed alternatives have the ability to achieve several of the desired results we seek. Therefore, we urge CALFED to focus on meeting needs of MWDOC and other stakeholders in the Stage I Plan and long-term solution, specifically drinking water quality, water supply reliability and an improved Delta to allow a prospering water transfers market, rather than on specific actions to meet those needs.

MEMBER AGENCY OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

✓ **Stage I Benefits**

The Stage I Plan, as currently written, includes little improvement as measured against today's Bay-Delta water resource management climate for MWDOC. The Stage I Plan must include tangible benefits for Southern California water users, specifically MWDOC, to remain engaged in negotiations as the long-term Bay-Delta solution is developed. Again, those benefits include improved drinking water quality, water supply reliability and an improved Delta to allow a prospering water transfers market.

✓ **Fundamental Bay-Delta Fix**

Water transfers, water use efficiency and recycling are important elements of a long-term CALFED solution as a means to create new water sources and reduce import demands. However, CALFED must recognize that these elements alone will not solve environmental, water supply and water quality problems within the Bay-Delta. A CALFED solution cannot ignore the fundamental structural and regulatory deficiencies in the Bay-Delta system that impede the ability to manage this limited water resource for multiple, balanced benefits.

✓ **Decision on Isolated Facility**

The Stage I Plan characterizes the isolated facility as "...a contingent strategy that will only be implemented if through Delta improvements do not meet Program goals." This decision cannot be supported by any technical merit, affordability criteria or political wind at this time. Improvement in drinking water quality and fisheries enhancement are critical outcomes of the CALFED solution. Treatment alone is not the answer to achieving adequate drinking water quality. It is our belief that to meet future drinking water quality standards a package deal including investments in improved treatment technology coupled with securing higher source quality water is required. We are investing heavily in advanced treatment technology and require higher source quality water to complete the equation. It is uncertain whether CALFED will be able to deliver a drinking water quality package and improved fisheries without an isolated facility. CALFED has largely defined the appropriate trigger mechanisms and assurances associated with the decision to implement the isolated facility. Therefore, the isolated facility must remain an option, as is every other component of the three proposed alternatives, until it has been clearly demonstrated how future drinking water quality standards and fisheries enhancements can be met in an affordable, efficient manner.

✓ **Water Quality for Resource Management**

Bay-Delta drinking water quality to ensure long-term public health is a paramount concern of MWDOC. Likewise, water quality that ensures efficient management of this limited resource is of equal concern. The CALFED solution must result in lower total dissolved solids (TDS) water for MWDOC to achieve expanded water recycling and groundwater management beyond current levels in an affordable and efficient manner.

✓ **Links Between Ecosystem Restoration and Other Programs**

We fully support ecosystem restoration that results in measurable improvement in the environment and demonstrated that support by backing Proposition 204. However, the ecosystem restoration program (ERP), as described in the Stage I draft, is planned for the long-term without any links to improvements in other programs. This is inconsistent with the CALFED philosophy that equal improvements will be achieved in all programs and, left unchecked, could result in an inefficient program that has minimal stakeholder support. We urge CALFED to create stronger links between the ERP and other programs to gain broad stakeholder support throughout implementation of the long-term solution.

✓ **ERP Water Use Efficiency**

We support water use efficiency as a component of the CALFED solution. However, we urge CALFED to include development of water use efficiency guidelines for the environmental use of water commensurate with those outlined for agriculture and urban consumption.

✓ **Water Use Efficiency Funding**

Funding of water use efficiency measures in the Stage I Plan must reach beyond demonstration projects. In order to achieve urban conservation beyond best management practices (BMPs) and recycling to the levels outlined in the CALFED Draft EIS/EIR, CALFED must provide state and federal funding mechanisms to aid development of these programs in Stage I, as well as in the long-term solution.

✓ **Business Deal**

MWDOC is greatly invested in the Bay-Delta and CALFED process to meet its current and future water needs. However, we consider the preferred solution as a potential business deal and therefore, will analyze its costs and benefits accordingly. CALFED must recognize that success of the CALFED program hinges on achieving an affordable solution that provides equal benefits for the environment, agriculture and urban water users. CALFED has previously stated plans to levy water users to fund portions of all program elements. Consistent with any business decision, water users/stakeholders should be involved with all aspects of investment decision making.

Detailed Comments on Developing a Draft Preferred Program Alternative:

1. Page 1, Paragraph 4

The second sentence states, "Each of these eight program elements (water quality, water use efficiency, ecosystem restoration, levee system integrity, water transfer framework,

watershed coordination, storage and conveyance) will move forward together to solve problems in four areas of the Bay-Delta system."

We support the ecosystem restoration program (ERP) as a component of the CALFED solution however, there is a clear disparity in moving the other programs at the same pace as ecosystem restoration. The Stage I Plan treats the ERP as an independent program without links to the other seven programs. CALFED must define links between the ERP and other programs so that defined progress is made on all programs as the ERP progresses.

2. Page 4, Paragraph 2 under Stage I Implementation

The second sentence states, "The first stage does not set a direct path to any specific predefined solution but begins a process where the solution can change depending on the outcome on predefined conditions."

We can support this approach so long as CALFED adequately addresses the need for improved drinking water quality, increased water supply reliability, an improved water transfers market and ecosystem restoration (fisheries benefits). However, the arbitrary decision to treat the isolated facility as "a conditional strategy" does not follow the logic stated in the above quote. CALFED must maintain the isolated facility as a viable alternative to be evaluated throughout Stage I until such time as an affordable, effective solution to address all CALFED objectives can be determined.

3. Page 6, Item 2 Conveyance, condition a.

In addition to the public health mandate for water quality, CALFED should add water quality for resource management (lower total dissolved solids) as a condition to expand recycling and groundwater management in export areas.

4. Page 6, Item 2 Conveyance, condition h.

It is unclear, other than political motivation, the link between the need to construct regional surface storage ahead of an isolated facility. This condition totally ignores one of our requirements out of a CALFED solution which is enhanced drinking water quality through a package of advanced treatment and higher source water quality.

5. Page 6, Item 3 Water Export Regulations

Condition a. states that water export regulations will be revised if, "Significant changes in the Delta conveyance configuration and condition of the ecosystem occur."

This condition should not preclude real-time monitoring and operational flexibility of export pumps being part of adaptive management in Stage I.

6. Page A-1, bullet 2 under Finance Package

The public/user cost split needs further elaboration. The cost split should be established on a stage by stage basis for each project in each program.

7. Page A-4, bullet on Ecosystem Restoration Plan

Add description of linkages and conditions of development of the ERP as information that will be available at the time the Record of Decision and Findings are filed.

8. Page B-1, Assurances

CALFED is now considering separating assurances into short-term (up to 7-years after EIS/EIR certification) assurances and a process to develop long-term assurances yet, the Stage I plan does not directly address drinking water quality improvement or supply reliability enhancement. The Stage I plan must include, measurable benefits towards achieving drinking water quality improvements in the near-term and, at a minimum, regulatory changes and storage improvements to address water supply reliability. Further, certification of the EIS/EIR must include certainty that the long-term program will include programs to address drinking water quality and water supply reliability.

9. Page B-2, Finance

CALFED has stated that it will be looking to water users for securing a reliable funding source for the Common Programs. To execute such a strategy, CALFED must provide quantifiable benefits to water users in Stage I. There must be a link between CALFED's funding strategy and providing programs to improve drinking water quality and supply reliability in Stage I.

10. Page B-2, Monitoring, Research, and Adaptive Management, Item 1.

The CMARP monitoring plan for all elements of the Program must include stakeholder participation whereby stakeholders are able to review results and participate in monitoring decisions and actions.

11. Page B-3, Monitoring, Research, and Adaptive Management, Item 6.

Adaptive management should pertain to all aspects of water quality including drinking water quality, in-Delta water quality and upstream water quality.

12. Page B-3, Monitoring, Research, and Adaptive Management, Item 8.

This item should be expanded to read, "Feedback available on need to reduce bromides, total dissolved solids, total organic carbon, pesticides and heavy metals. (yr 1-5)."

Adaptive management should include an ongoing and complete drinking water monitoring and adaptive management plan beginning in year 1. The program should allow for action decisions to occur early in Stage I if warranted.

13. Page B-3, Water Transfer Framework, Item 3.

Operational and administrative rules governing transfers for environmental purposes should include water-use efficiency principles. Water-use efficiency principles for environmental water transfers could include: 1) a "least-cost" principle where water purchases for the environment are deemed the most cost-efficient alternative to achieving a particular goal and, 2) multiple use of environmental flows wherever possible.

14. Page B-4, Water Use Efficiency

The Water Use Efficiency component of the preferred solution should include development and implementation of environmental water use efficiency guidelines commensurate with those developed for agricultural and urban water users.

15. Page B-4, Water Use Efficiency, Item 8.

Funding for water use efficiency measures needs to be expanded beyond demonstration projects to achieve conservation beyond best management practices (BMPs) and recycling to the levels CALFED discusses in the Draft EIS/EIR.

16. Page B-5, Levees

The last bullet discusses seismic risk assessment for levees. This should be expanded to include a seismic risk improvement plan (seismic retrofit of levees) for environmental protection and increased water supply reliability.

17. Page B-8, Water Quality

Two action items need to be added: 1) Initiate high priority drinking water quality improvement actions (yr 1-7) including addressing bromide and, 2) Initiate high priority water quality improvement actions for water resource management including lower total dissolved salts (TDS) to enhance water recycling and groundwater management.

18. Page B-10, Surface Storage, Items 6 & 7.

Site selection and operating agreements could be developed earlier than year 4-5 of Stage I.

19. Page B-12, Conveyance, Isolated Facility, Item 5.

Operating agreements for the isolated facility should be developed in Stage I.

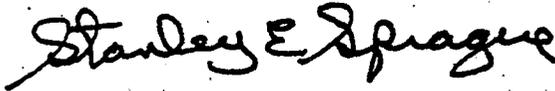
20. Page B-12, Conveyance, Isolated Facility

Add Item 7 to obtain right-of-way for the isolated facility through purchase or lease options.

We look forward to our continued work with CALFED and the Bay-Delta Advisory Council to achieve a solution that will benefit the state and nation over the long-term.

Please do not hesitate to contact us with questions or for further information.

Sincerely,



Stanley E. Sprague
General Manager

Cc: Bay-Delta Advisory Council
Lester Snow, CALFED
MWDOC Board of Directors
MWDOC Member Agencies

C:\word\mwdoc\Preferred Alternative Comments